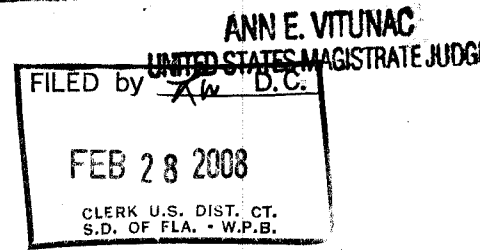


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. **08-80021 CR-HURLEY**

18 U.S.C. 371
31 U.S.C. 5324(a)(2)



UNITED STATES OF AMERICA,

Plaintiff,

vs.

LEROY EDWARD FELT, JR.

Defendant.

INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At all times relevant to this Indictment:

1. Federal law required all employers to withhold taxes from their employees' paychecks. Each time an employer pays wages to its employees, the employer is required to withhold from its employees' paychecks certain amounts of money for federal income tax, social security tax, and Medicare tax (payroll taxes). Under the withholding system, taxes withheld from employees are credited to the employees in payment of their tax liabilities. Federal law also required employers to pay any liability for the employer's portion of social security and Medicare taxes. Employers are required to report employee wages and the corresponding payroll tax on a quarterly basis on a form prescribed by the Internal Revenue Service, Form 941.

2. Woody's Construction Inc., ("Woody's"), was a Florida corporation engaged in the business of residential construction and beneficially owned by LEROY EDWARD FELT, JR.

3. Defendant LEROY EDWARD FELT, JR., (hereafter "the defendant"), was the President and owner of Woody's.

4. Northeast Custom Builders, Inc. was a Florida corporation formed in 2002 and ostensibly involved in residential construction.

5. The Internal Revenue Service is an agency of the United States Treasury Department empowered to compute, assess, and collect employment taxes.

6. The Bank Secrecy Act codified in Title 31, United States Code, Sections 5313-5326 authorizes the Secretary of the Treasury to issue regulations requiring domestic financial institutions to report currency transactions in which they are engaged.

7. Exercising this authority, the Secretary of the Treasury has promulgated a regulation requiring such institutions to report to the IRS currency transactions involving over \$10,000. 31 C.F.R. § 103.22(a).

8. Under these regulations domestic financial institutions must prepare and file currency transaction reports, ("CTRs") when they participate in transactions involving currency in excess of \$10,000. CTRs are filed on Form 4789, currently known as FINCEN Form 104, which during all relevant times covered by this indictment required the disclosure of all individuals and organizations for whom a particular reportable currency transaction was completed.

COUNT 1

**CONSPIRACY TO DEFRAUD THE
INTERNAL REVENUE SERVICE (18 U.S.C. §371)**

9. The Grand Jury re-alleges and incorporates herein by reference the General Allegations Section of this Indictment.

10. Beginning in or about 1997 and continuing through on or about 2003, the exact dates being unknown, in Palm Beach and Broward Counties, in the Southern District of Florida, and elsewhere, the defendant,

LEROY EDWARD FELT, JR.,

did knowingly and willfully combine, conspire, confederate and agree with persons known and unknown to the grand jury to commit an offense against the United States and to defraud the United States as follows:

a. to defraud the United States for the purpose of impeding, impairing, obstructing and defeating the lawful government functions of the Internal Revenue Service of the United States Treasury Department in the ascertainment, computation, assessment and collection of the revenue, that is, payroll taxes, in violation of Title 18, United States Code, Section 371; and

b. to cause one or more financial institutions to file currency transaction reports as required by 31 U.S.C. § 5313(a) that contained material omissions of fact and misstatements of fact as part of a pattern of illegal activity involving more than \$100,000 in a 12-month period, in violation of Title 18, United States Code, Section 5324(a)(2).

PURPOSE AND OBJECT OF THE CONSPIRACY

11. It was a purpose and object of the conspiracy for the defendant to unlawfully enrich himself and an unindicted co-conspirator known to the grand jury by fraudulently evading the payment of federal payroll taxes on wages paid to the employees of Woody's and to conceal from the Internal Revenue Service the payment of cash wages to Woody's employees by issuing corporate checks to various individuals and/or entities for fictitious expenses.

MANNER AND MEANS OF THE CONSPIRACY

12. The defendant and an unindicted co-conspirator known to the grand jury routinely issued and caused to be issued large checks from the Woody's checking account that purported to be for the payment of subcontracted labor. These Woody's checks would be cashed at banks and, after subtracting a fee for payment to the person cashing the check, the vast majority of cash would be returned to Woody's to pay its employees.

13. The persons cashing the Woody's checks, or checks derived from the proceeds of Woody's checks, knew that the financial transactions would involve more than \$10,000 in cash, and that therefore banks would complete a Currency Transaction Report, ("CTR"), that was filed with the Internal Revenue Service. Individual check cashers, acting on behalf of Woody's, knowingly caused banks to complete CTRs that failed to disclose that the checks were being transacted for the benefit of Woody's.

14. An unindicted co-conspirator known to the grand jury caused the formation of a Florida corporation for the purpose of cashing checks issued by Woody's and then funneling cash back to Woody's for payment of wages to its employees.

15. One or more unindicted co-conspirators known to the grand jury used and caused to be used fraudulent identification documents, forged signatures and forged endorsements to conduct financial transactions on behalf of the defendant.

OVERT ACTS

16. In furtherance of the conspiracy, and to effect the objects thereof, at least one of the following overt acts, among others, was committed by at least one of the co-conspirators within the Southern District of Florida, and elsewhere:

a. The defendant caused the issuance of many Woody's Construction checks to co-conspirators on various dates between 1997 and 2003 for the purpose of generating cash to pay wages owed to employees of Woody's Construction and without withholding federal employment taxes on such wages.

b. The defendant caused the filing of a false currency transaction report as detailed in Count 2 of this Indictment, which act is incorporated herein and restated as an overt act of the conspiracy.

c. The defendant caused the filing of a false currency transaction report as detailed in Count 3 of this Indictment, which act is incorporated herein and restated as an overt act of the conspiracy.

d. On or about July 3, 1997, the defendant caused a Woody's Construction check number 101 to be issued to a co-conspirator known to the grand jury in the amount of \$30,000.

e. On or about August 20, 1997, the defendant caused a Woody's Construction check number 128 to be issued to a co-conspirator known to the grand jury in the amount of \$21,000.

f. On or about December 24, 1997, the defendant caused a Woody's Construction check number 199 to be issued to a co-conspirator known to the grand jury in the amount of \$27,500 and caused the filing of a false currency transaction report relating to the cashing of said check.

g. On or about August 24, 1998, the defendant caused a Woody's Construction check number 350 to be issued to a co-conspirator known to the grand jury in the amount of \$50,120 and caused the filing of a false currency transaction report relating to the cashing of said check.

h. On or about December 22, 1998, a co-conspirator known to the grand jury obtained liability insurance for the purpose of furthering the conspiracy.

i. On or about February 22, 1999, the defendant caused a Woody's Construction check number 491 to be issued to a co-conspirator known to the grand jury in the amount of \$46,500 and caused the filing of a false currency transaction report relating to the cashing of said check.

j. On or about April 2, 1999, the defendant caused a Woody's Construction check number 531 to be issued to a co-conspirator known to the grand jury in the amount of \$43,000 and caused the filing of a false currency transaction report relating to the cashing of said check.

k. On or about April 20, 1999, a co-conspirator known to the grand jury obtained liability insurance for the purpose of furthering the conspiracy.

l. On or about October 29, 1999, the defendant caused Woody's check number 700 to be issued to a co-conspirator known to the grand jury in the amount of \$45,000, and caused the filing of a false currency transaction report relating to the cashing of said check.

m. On or about June 23, 2000, the defendant caused Woody's check number 886 to be issued to a co-conspirator known to the grand jury in the amount of \$52,500 and caused the filing of a false currency transaction report relating to the cashing of said check.

n. On or about September 22, 2000, the defendant caused Woody's check number 978 to be issued to a co-conspirator known to the grand jury in the amount of \$63,000 and caused the filing of a false currency transaction report relating to the cashing of said check.

o. On or about May 2, 2001, the defendant caused Woody's check number 1206 to be issued to a co-conspirator known to the grand jury in the amount of \$30,000 and caused the filing of a false currency transaction report relating to the cashing of said check.

p. On or about May 4, 2001, the defendant caused Woody's check number 1207 to be issued to a co-conspirator known to the grand jury in the amount of \$30,000 and caused the filing of a false currency transaction report relating to the cashing of said check.

q. On or about June 15, 2001, the defendant caused Woody's check number 1253 to be issued to a co-conspirator known to the grand jury in the amount of \$24,500 and caused the filing of a false currency transaction report relating to the cashing of said check.

r. On or about July 27, 2001, the defendant caused Woody's check number 1292 to be issued to a co-conspirator known to the grand jury in the amount of \$39,000 and caused the filing of a false currency transaction report relating to the cashing of said check.

s. On or about August 3, 2001, the defendant caused Woody's check number 1299 to be issued to a co-conspirator known to the grand jury in the amount of \$49,000 and caused the filing of a false currency transaction report relating to the cashing of said check.

t. On or about August 17, 2001, the defendant caused Woody's check number 1304 to be issued to a co-conspirator known to the grand jury in the amount of \$42,000 and caused the filing of a false currency transaction report relating to the cashing of said check.

u. On or about August 24, 2001, the defendant caused Woody's check number 1316 to be issued to a co-conspirator known to the grand jury in the amount of \$42,000 and caused the filing of a false currency transaction report relating to the cashing of said check.

v. On or about November 5, 2001, a co-conspirator known to the grand jury obtained liability insurance for the purpose of furthering the conspiracy.

w. On various dates as detailed below, a co-conspirator known to the grand jury caused the issuance of Woody's checks to an unindicted co-conspirator known to the grand jury for the purpose of generating cash to pay wages owed to employees of Woody's Construction and without withholding federal employment taxes on such wages.

<u>DATE</u>	<u>WOODY'S CHECK NUMBER</u>	<u>AMOUNT</u>
August 31, 2001	993	\$44,063
September 28, 2001	1023	\$53,000
October 26, 2001	1055	\$60,000
January 25, 2002	1157	\$51,000
April 4, 2002	1243	\$26,500
May 12, 2002	1304	\$71,500
July 1, 2002	1360	\$46,435
December 23, 2002	1619	\$45,573
December 23, 2002	1620	\$45,000
March 3, 2003	1739	\$39,941

<u>DATE</u>	<u>WOODY'S CHECK NUMBER</u>	<u>AMOUNT</u>
March 3, 2003	1740	\$38,000
March 10, 2003	1757	\$43,332
March 10, 2003	1758	\$43,000

All in violation of Title 18, United States Code, Section 371.

COUNT 2

On or about March 7, 2003, at Palm Beach County in the Southern District of Florida, the defendant,

LEROY EDWARD FELT, JR.,

did knowingly and willfully and for the purpose of evading the reporting requirements of Section 5313(a) of Title 31, United States Code, and the regulations promulgated thereunder, cause First Union Bank, a domestic financial institution as defined in 31 CFR § 103.11, to file a currency transaction report as required by 31 U.S.C. § 5313 containing a material misstatement of fact relating to Northeast Custom Builders check 1017 in the amount of \$77,400, and did so as part of a pattern of illegal activity involving more than \$100,000 in a 12-month period.

All in violation of Title 31, United States Code, Sections 5313, 5324(a)(2), 5322(b), and Title 18, United States Code, Section 2.

COUNT 3

On or about March 14, 2003, at Palm Beach County in the Southern District of Florida,
the defendant,


LEROY EDWARD FELT, JR.,

did knowingly and willfully and for the purpose of evading the reporting requirements of Section 5313(a) of Title 31, United States Code, and the regulations promulgated thereunder, cause First Union Bank, a domestic financial institution as defined in 31 CFR § 103.11, to file a currency transaction report as required by 31 U.S.C. § 5313 containing a material misstatement of fact relating to Northeast Custom Builders check 1019 in the amount of \$87,000, and did so as part of a pattern of illegal activity involving more than \$100,000 in a 12-month period.


All in violation of Title 31, United States Code, Sections 5313, 5324(a)(2), 5322(b), and Title 18, United States Code, Section 2.

A true bill. _____

Foreperson



R. ALEXANDER ACOSTA
UNITED STATES ATTORNEY



STEPHEN CARLTON
ASSISTANT UNITED STATES ATTORNEY

UNITED STATES OF AMERICA

CASE NO. _____

vs.

Leroy Edward Felt, Jr.

CERTIFICATE OF TRIAL ATTORNEY*

Defendant.

Superseding Case Information:

Court Division: (Select One)

____ Miami ____ Key West
____ FTL ☒ WPB ____ FTP

New Defendant(s) Yes ____ No ____
Number of New Defendants ____
Total number of counts ____

I do hereby certify that:

1. I have carefully considered the allegations of the indictment, the number of defendants, the number of probable witnesses and the legal complexities of the Indictment/Information attached hereto.
2. I am aware that the information supplied on this statement will be relied upon by the Judges of this Court in setting their calendars and scheduling criminal trials under the mandate of the Speedy Trial Act, Title 28 U.S.C. Section 3161.

3. Interpreter: no
List language and/or dialect n/a

4. This case will take 5 days for the parties to try.

5. Please check appropriate category and type of offense listed below:
(Check only one) (Check only one)

I	0 to 5 days	<input checked="" type="checkbox"/>	Petty	____
II	6 to 10 days	____	Minor	____
III	11 to 20 days	____	Misdem.	____
IV	21 to 60 days	____	Felony	<input checked="" type="checkbox"/>
V	61 days and over	____		

6. Has this case been previously filed in this District Court? (Yes or No) No

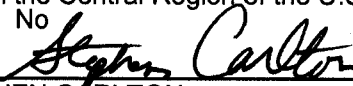
If yes: Judge _____ Case No. _____
(Attach copy of dispositive order)

Has a complaint been filed in this matter? (Yes or No) No

If yes: Magistrate Case No. None
Related Miscellaneous numbers: None
Defendant(s) in federal custody as of n/a
Defendant(s) in state custody as of n/a
Rule 20 from the n/a District of _____

Is this a potential death penalty case? (Yes or No) NO

7. Does this case originate from a matter pending in the U.S. Attorney's Office prior to April 1, 2003? ____ Yes ☒ No
8. Does this case originate from a matter pending in the U. S. Attorney's Office prior to April 1, 1999? ____ Yes ☒ No
If yes, was it pending in the Central Region? ____ Yes ☒ No
9. Does this case originate from a matter pending in the Northern Region of the U.S. Attorney's Office prior to October 14, 2003? ____ Yes ☒ No
10. Does this case originate from a matter pending in the Narcotics Section (Miami) prior to May 18, 2003? ____ Yes ☒ No
11. Does this case originate from a matter pending in the Central Region of the U.S. Attorney's Office prior to September 1, 2007? ____ Yes ☒ No


STEPHEN CARLTON
ASSISTANT UNITED STATES ATTORNEY
Administrative Number A5500011

*Penalty Sheet(s) attached

REV.9/11/07

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

PENALTY SHEET

Defendant's Name: Leroy Edward Felt, Jr.

Case No: _____

Count #: 1

Conspiracy to impede, obstruct IRS & to file false currency transaction reports

18 USC § 371

* Max. Penalty: 5 years imprisonment and/or \$250,000.00 Fine

Count #: 2 and 3

Filing false currency transaction reports as part of a pattern of illegal activity involving more
than \$100,000 in a single calendar year.

31 USC §§ 5313, 5324(a)(2), 5322(b)

*Max. Penalty: 10 years imprisonment and/or \$250,000.00 fine

Count #:

*Max. Penalty:

Count #:

*Max. Penalty:

***Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.**